Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Lifeline and Link Up Reform	)	WC Docket No. 11-42
and Modernization	)	
	)	
Telecommunications Carriers Eligible	)	WC Docket No. 09-197
for Universal Service Support	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	

COMMENTS OF CONNECTED NATION, INC.

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SUMMARY

Connected Nation, Inc., a nationwide non-profit, strongly endorses the Commission's proposal to modernize the Lifeline program to include broadband. For over ten years, Connected Nation has worked in hundreds of communities, studied broadband availability and adoption in nine states and the Commonwealth of Puerto Rico, trained tens of thousands of individuals in digital literacy skills, trained and placed hundreds of unemployed and at-risk individuals in jobs only possible with digital technology, and delivered thousands of computers to disadvantaged youth. In Section I of these Comments, Connected Nation outlines results from its research that strongly supports the Commission's proposal in the *Notice* to expand the Lifeline program to broadband.

In Section II of these Comments, Connected Nation makes several recommendations on how to fundamentally restructure the Lifeline program in a way that would support community-based solutions. The Commission should allow Lifeline subsidies to apply to community-based distribution models, in which a community institution procures and provides connectivity to target low-income populations. From libraries, schools, and homeless shelters distributing wireless hot spots to those in need, to community connectivity centers operating in public housing projects, Lifeline can support a myriad of practical, low-cost solutions to broadband adoption and use for particularly vulnerable populations.

A Lifeline program that is opened up to participation by allowing community-based organizations to become portals to connectivity could dramatically expand the impact of the Lifeline program and lift up and connect millions of Americans to digital society.

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COMMENTS OF CONNECTED NATION, INC.

Connected Nation, Inc., a nationwide non-profit, strongly endorses the Commission's proposal to modernize the Lifeline program to include broadband. Effective use of broadband technology has the opportunity to change lives and the economic future of citizens and communities across the country.

The demographic composition of the broadband adoption gap (disproportionately low-income, ethnic minority, and older Americans) and the barriers to adoption (cost, a lack of digital literacy skills, and perceived lack of relevance) have been studied and, frankly, well known for years. It has been twenty years since the National Telecommunications and Information Administration first documented and studied the digital "have and have nots" by including computer Internet use in the U.S. Census Bureau Current Population Survey.[1] In 2009, Chapter 9

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[1] National Telecommunications and Information Administration, U.S. Dep't of Commerce, *Falling through the Net: A Survey of the "Have Nots" in Rural and Urban America* (July 1995), available at http://www.ntia.doc.gov/ntiahome/fallingthru.html.

of the National Broadband Plan[2] outlined these very same gaps and issues – and the story unfortunately remains very much the same today. The Commission's proposal in the *Notice*[3] to close the cost barrier to adoption through expansion and modernization of the Lifeline program, Recommendation 9.1 of the Plan, is long overdue.

For over ten years, Connected Nation has been working with communities and states with the purpose of increasing broadband access, adoption, and use. In the course of its programs, Connected Nation has worked in hundreds of communities, helped thousands of local, public, and private stakeholders establish broadband technology actions plans, studied broadband availability and adoption in eight states and the Commonwealth of Puerto Rico, trained tens of thousands of individuals in digital literacy skills, trained and placed hundreds of unemployed and at-risk individuals in jobs only possible with digital technology, and delivered thousands of computers to disadvantaged youth. Connected Nation is committed to bringing broadband-enabled resources and experience in digital inclusion initiatives to all Americans. Connected Nation was an active participant with many providers that were selected by the Commission to participate in the Lifeline broadband pilot in 2012-13. No longer are broadband challenges solely viewed as a question of availability, but are instead seen as multi-faceted problems that include the adoption and use of broadband and the extent to which those gaps impact education, employment, and community prosperity.

Connected Nation agrees with Chairman Wheeler that as the program modernizes, it needs to be "taken down to the studs" and re-worked.[4] In Section I of these Comments,

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[2] Federal Communications Commission, *Connecting America: The National Broadband Plan*, at Chapter 9 (2010) (National Broadband Plan).
[3] *Lifeline and Link Up Reform and Modernization et al.*, WC Docket No. 11-42 et al., Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, FCC 15-71, 80 Fed. Reg. 42760 (2015) ("*Notice*").
[4] *Id.* (Statement of Chairman Tom Wheeler).

Connected Nation strongly supports the Commission's proposal in the *Notice* to expand the

Lifeline program to broadband. Connected Nation urges the Commission to undertake a *data-driven* approach that fosters *collaboration* between community, state, and industry.

In Section II of these Comments, Connected Nation urges the Commission to restructure

the Lifeline program in a way that supports community-based solutions and distribution models.

Connected Nation believes that transferring the income verification process to a neutral, third-party provider will allow the Commission to open up the program to a variety of solution

providers, including community-based organizations, charities, and social welfare groups. By

opening up the program to innovative, community-based solutions and distribution models, the

Commission can bridge more than simply the cost barrier to adoption. By working with

organizations that provide services to the low-income population on a daily basis, the Lifeline

program also can "plant a seed" that would help overcome other barriers to adoption, including

digital literacy skills and perceived lack of relevance. A Lifeline program that facilitates the

efforts of community-based organizations to become portals to connectivity could vastly expand

the impact of the Lifeline program and connect millions of Americans to digital society.

I. THE LIFELINE PROGRAM SHOULD SUPPORT BROADBAND SERVICE (*Notice,* Section II.A)

Expanding the Lifeline program to broadband service is long overdue, and the

Commission should proceed with this modernization with all dispatch.

In 2010, the National Broadband Plan recommended that the Commission expand the

Lifeline program to include broadband service. In doing so, the Plan noted:

> The cost of this digital exclusion is large and growing. For individuals, the cost
> manifests itself in the form of lost opportunities. As more aspects of daily life
> move online and offline alternatives disappear, the range of choices available to

people without broadband narrows. Digital exclusion compounds inequities for
historically marginalized groups. People with low incomes, people with
disabilities, racial and ethnic minorities, people living on Tribal lands and people
living in rural areas are less likely to have broadband at home. Digital exclusion
imposes inefficiencies on our society as one-third of Americans carry out tasks
by means that take more time, effort and resources than if they had used
broadband. Since government agencies must maintain both offline and online
systems for transactions, many government services are not as effective or
efficient as they could be.

Like the costs of poverty, it is difficult to quantify the costs of digital inequality.
It is certain, however, that people will not experience the promised benefits of
broadband—increased earning potential, enhanced connections with friends
and family, improved health and a superior education—without a connection.[5]

All of that was true in 2010 – and it is even more accurate five years later in 2015.

A. The Broadband Adoption Gap is Persistent and Particularly Wide for Vulnerable, Low-Income Populations

The broadband adoption gap is the single most important challenge that technology

policymakers face today. Having a large share of the U.S. population disconnected from the

broadband Internet will increase the cost of government services, decrease the quality of

education, and act as a handbrake on the economic and social growth of the country. In addition,

failure to solve the broadband adoption gap risks creating a society divided between the

connected and the disconnected – an "Internet underclass" that faces ever-higher bars to

inclusion and an ever-decreasing set of opportunities.

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[5] National Broadband Plan, *supra* note 2, at 128.

In the last five years, Connected Nation has conducted research into broadband adoption and use patterns in eight states and Puerto Rico,[6] and the results of this research paint a stark and harsh picture. For instance:

■ 49% of low-income households (household income of less than $25,000 per year) in states surveyed by Connected Nation have not adopted broadband at home in 2014.[7]

■ Only 53% of low-income minority households have broadband at home.[8]

■ 43% of low-income households do not own a computer, compared to only 9% of all others households, and 3% of households with income of over $100,000 per year.[9]

■ Over 19 million children do not have broadband at home – and 6.1 million of these children live in low-income households.[10]

Connected Nation's research shows that there are also locations in the United States in which broadband adoption is so low, it has wide economic impact. For example, in Puerto Rico, broadband adoption island-wide is only 46%, a level far lower than any other state. Low-income households in Puerto Rico adopt broadband at a rate of 38%.[11] There are more non-adopters in Puerto Rico (over 676,000 households containing 2 million residents) than in 40 states and territories.

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[6] These jurisdictions include Iowa, Michigan, Minnesota, Nevada, Ohio, Puerto Rico, South Carolina, Tennessee, and Texas.

[7] Connected Nation, 2014 Residential Technology Assessments. This is similar to U.S. Census Bureau estimates. The NTIA 2014 Digital Nation Report reports that in 2012, 52% of households with income less than $25,000 did not use broadband at home. National Telecommunications and Information Administration, U.S. Dep't of Commerce, *Exploring the Digital Nation: Embracing the Mobile Internet* (Oct. 2014), http://www.ntia.doc.gov/files/ntia/publications/exploring_the_digital_nation_embracing_the_mobile_internet_10162014.pdf (NTIA Digital Nation 2014 Report) at 16.

[8] Connected Nation, 2014 Residential Technology Assessments.

[9] NTIA Digital Nation 2014 Report, *supra* note 7, at 14.

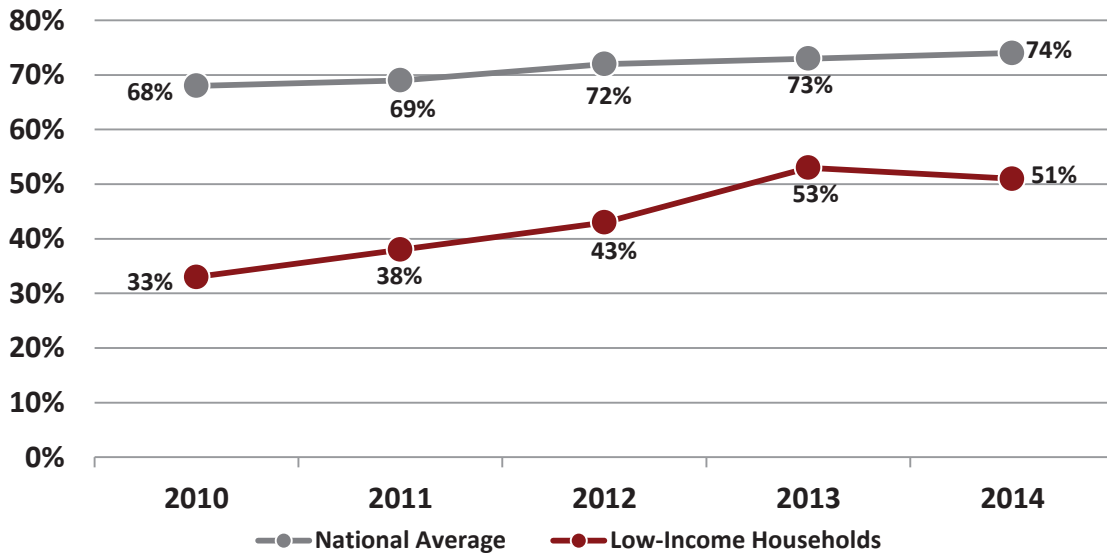[10] Connected Nation, 2014 Residential Technology Assessments.

[11] *The Gigabit Island Plan: Puerto Rico Broadband Strategic Assessment* (Feb. 2015), http://www.connectpr.org/sites/default/files/connected-nation/pr_gigabit_plan_020915_final.pdf (Puerto Rico Gigabit Island Plan) at 56-58.

Progress in closing broadband adoption gaps has been slow. Since the National Broadband Plan was released in 2010, the American Community Survey conducted annually by the U.S. Census shows that broadband adoption overall has increased only slightly, from 68.2% in 2010 to 73.4% in 2013,[12] and Connected Nation's surveys in several states estimate that national residential broadband adoption was 74% in 2014. Even with this incremental progress in adoption, Connected Nation's surveys show that the broadband adoption gap for the low-income population remains significant and large.

For example, among low-income adults (those in households with less than $25,000 in annual income) in states surveyed by Connected Nation, the broadband adoption gap in 2014 remained at 23 percentage points (74% to 51%), essentially unchanged since 2011.

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[12] U.S. Census Bureau, 2013 American Community Survey, Percent of Households with a Broadband Internet Subscription, http://factfinder.census.gov/bkmk/table/1.0/en/ACS/13_1YR/GCT2801.US01PR (73.4% of U.S. households with a broadband Internet subscription in 2013); Economics and Statistics Administration and National Telecommunications and Information Administration, U.S. Dep't of Commerce, *Exploring the Digital Nation: Computer and Internet Use at Home* (Nov. 2011), http://www.ntia.doc.gov/files/ntia/publications/exploring_the_digital_nation_computer_and_internet_use_at_home_11092011.pdf , at 6, Figure 3, and Table B 2.
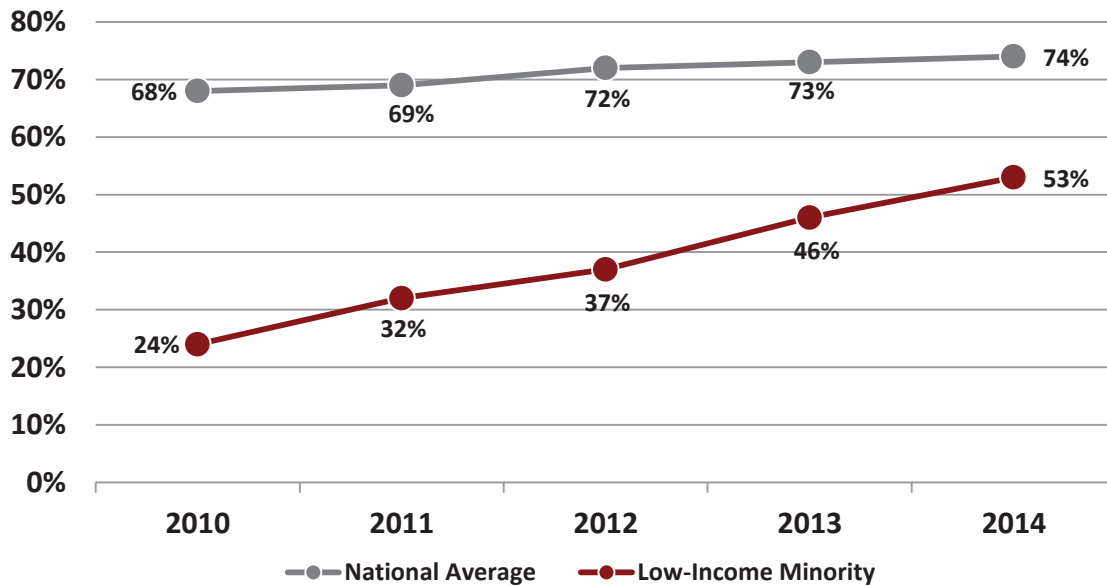
Chart 1: Broadband Adoption Gap for Low-Income Adults

Sources: NTIA Digital Nation Reports and data files (national 2010-2012 national average); U.S. Census Bureau, 2013 American Community Survey (2013 national average); Connected Nation Residential Technology Assessments (2010-2014 low-income and 2014 national average). "Low income" defined as adults residing in a household with annual income below $25,000 per year.

For low-income minority households, the gap in 2014 remains large (74% to 53%).

Chart 2: Broadband Adoption Gap for Low-Income Minority Households


Sources: NTIA Digital Nation Reports and data files (national 2010-2012 national average); U.S. Census Bureau, 2013 American Community Survey (2013 national average); Connected Nation Residential Technology Assessments (2010-2014 low-income and 2014 national average). "Low income" defined as adults residing in a household with annual income below $25,000 per year.

Significant gaps remain when comparing broadband adoption of low-income households with children to broadband adoption for all households with children. In states surveyed by Connected Nation, low-income households with children suffer a gap of 22 percentage points compared to the national average of households with children.

Chart 3: Broadband Adoption Gap for Low-Income Households with Children
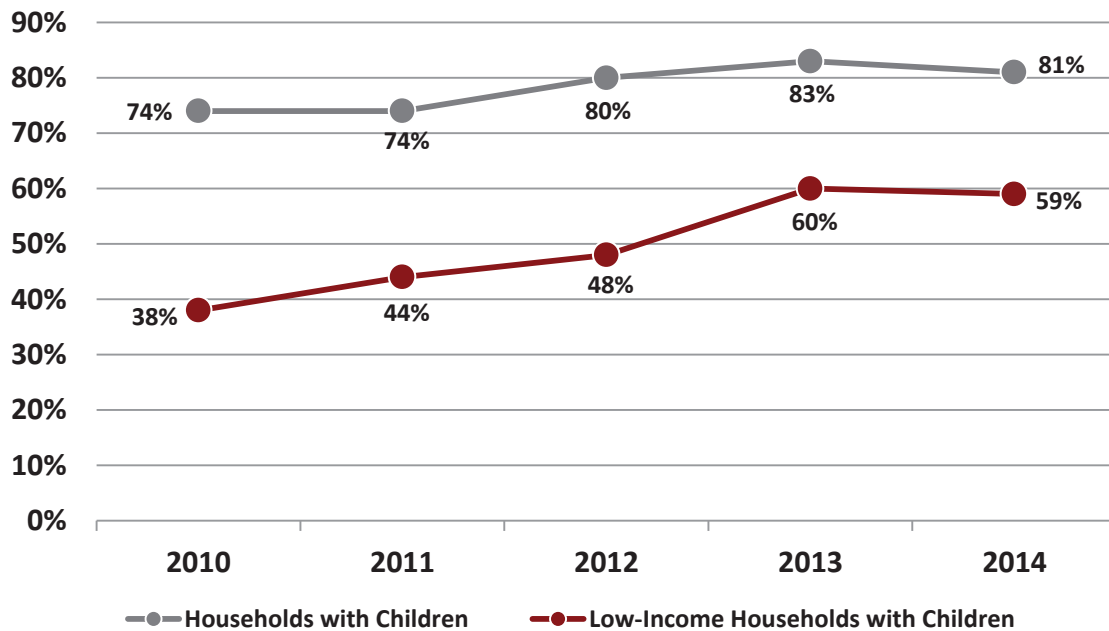
These data show that broadband adoption gaps in the low-income community are persistent and have not closed dramatically in the last five years.

B. While not the only barrier to broadband adoption, cost is an important barrier for low-income adults

Broadband adoption research consistently finds that there are many barriers to adoption, including perceived relevance, cost, a lack of digital skills, and availability.[13] As broadband

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[13] For a summary of this research and the history, *see* John Horrigan, *Digital Readiness: Nearly one-third of*

adoption has inched up, each of these four main barriers has remained significant, with the cost

barrier being particularly important.[14]

From 2011 through 2014, Connected Nation conducted surveys in eight states and Puerto

Rico on these barriers to adoption. These surveys confirm that the cost of subscription is one of

the largest barriers to broadband adoption, cited as the main barrier by 21% of all non-adopting

households.

Chart 4: Barriers to Broadband Adoption Across Connected Nation Surveyed States
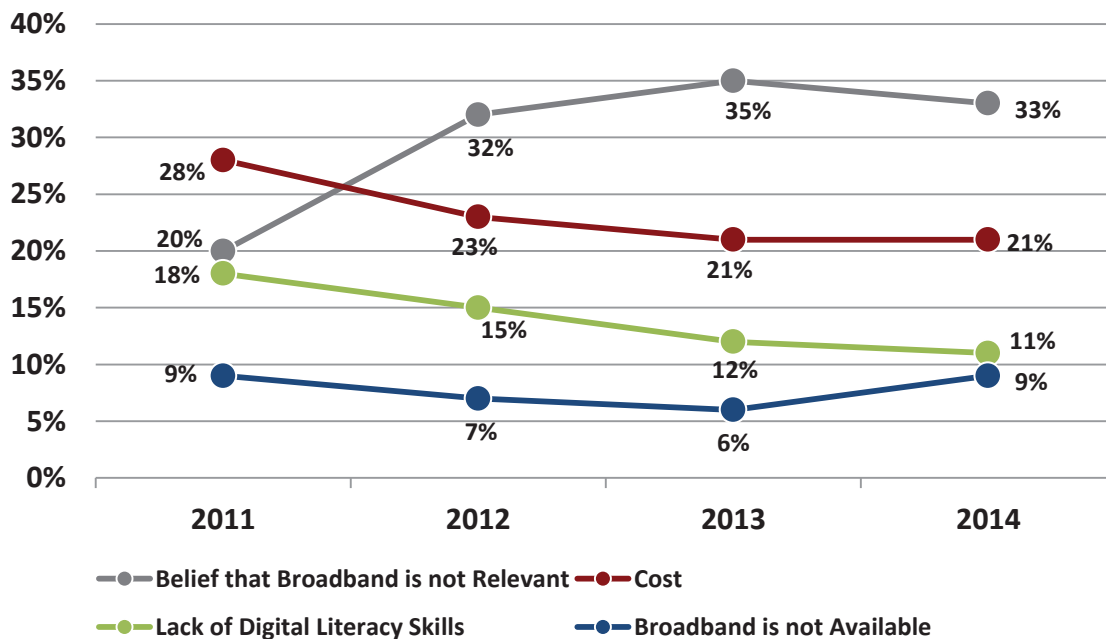
Source: Connected Nation Residential Technology Assessments (2011-2014).

It is wrong to assume that adults who have not adopted broadband are homogenous.

Different ethnic, income, education, and age groups trail in broadband adoption to different

degrees, and frequently for different reasons. As the NTIA observed, "barriers [to broadband

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Americans lack the skills to use next-generation "Internet of things" applications (June 2014), available at
http://jbhorrigan.weebly.com/uploads/3/0/8/0/30809311/digital_readiness.horrigan.june2014.pdf.

[14] NTIA Digital Nation 2014 Report, *supra* note 7, at 30 (showing cost barrier increasing to 29% in 2012 from 23% in 2002).

adoption] are cross-cutting and many individuals cite more than one barrier as a reason for non-adoption."[15]

Connected Nation's multiple surveys on adoption barriers over several years allow for a deeper dive into the specific reasons for non-adoption by particular demographic groups. These studies show that among non-adopting, low-income adults, cost is the number one barrier to adoption, and has remained so since 2011.

Chart 5: Barriers to Broadband Adoption Among Non-Adopting, Low-Income Adults
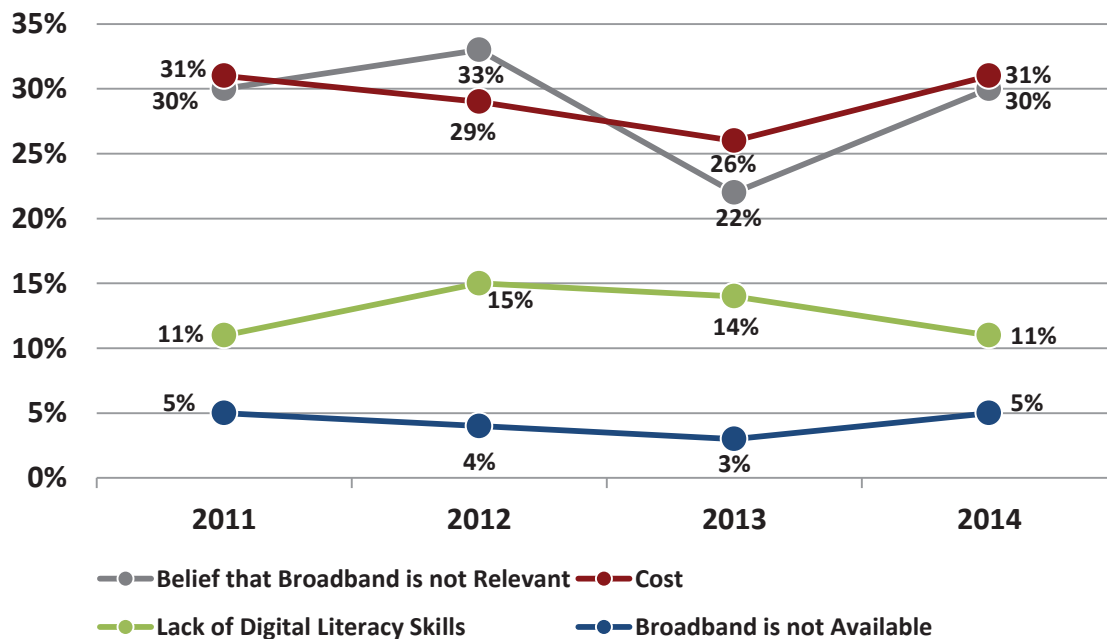
Source: Connected Nation Residential Technology Assessments (2011-2014). "Low income" defined as an adult living in a household with annual income less than $25,000 per year.

To further explore the cost barrier to entry, from 2011-2013, Connected Nation commissioned surveys of 15,000 non-adopting households in several states that explored their willingness to pay for broadband service. The results of that research were published by

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[15] National Telecommunications and Information Administration, U.S. Dep't of Commerce, *Broadband Adoption Toolkit* (May 2013), http://www2.ntia.doc.gov/files/toolkit_042913.pdf (NTIA Broadband Adoption Toolkit) at 11.

Connected Nation and FCC staff earlier this year.[16] That research study focused on non-adopting adults and how changes in broadband service cost would affect their decision to adopt. The research also developed a demographic profile of non-adopting adults that would be more likely to adopt broadband if broadband service were less expensive. These price-sensitive non-adopters generally were younger, tended to live in rural areas, were members of an ethnic minority, and were more likely to have children. The paper studied the extent of price sensitivity by this population and calculated a price elasticity of demand for broadband in this population of -0.62 – meaning that a 10% increase in subscribership in this population would require a price reduction of approximately 15%.

The results of this study can be combined with Commission broadband price data to estimate the impact of applying a $9.25/month Lifeline subsidy to the cost of broadband. The Commission's 2015 Urban Rate Broadband Survey found the nationwide urban average price for broadband to be approximately $50 per month for 10 Mbps download/1 Mbps upload service with a monthly 100 GB data allowance.[17] Applying a $9.25/month discount to that average urban rate could be expected to increase broadband adoption by 11.5% to a price-sensitive population.

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[16] Octavian Carare, Chris McGovern, Raquel Noriega, and Jay Schwarz, *The Willingness to Pay for Broadband Non-Adopters in the U.S.: Estimates from a Multi-State Survey,* 30 INFO. ECON. & POL'Y 19 (March 2015).

[17] The purpose of the FCC Urban Rate Survey is to establish a price benchmark for broadband service that is subsidized in rural, high-cost areas by the Connect America Fund. The FCC surveys voice and broadband rates in urban areas annually and uses those survey results to establish an urban "reasonable comparability benchmark" at two standard deviations higher than the nationwide average urban rate for various qualities of broadband service. In April 2015, the FCC released the results of the current survey and set the benchmark for 10 Mbps download/1 Mbps upload with monthly 100 GB data allowance at $71.41. The FCC staff report on the survey stated that the standard deviation of broadband service rates in the survey was $11.047/month. Because the "reasonable comparability benchmark" is set at two standard deviations higher than the mean, these calculations indicate that the mean for 10 Mbps download/1 Mbps upload service is approximately $49.046/month ($71.41 minus 2 x $11.047). *Wireline Competition Bureau Announces Results of 2015 Urban Rate Survey for Fixed Voice and Broadband Services and Posting of Survey Data and Explanatory Notes*, WC Docket No. 10-90, Public Notice, DA 15-470 (Wireline Comp. Bur. rel. Apr. 16, 2015); FCC Wireline Competition Bureau, 2015 Urban Rate Survey – Fixed Broadband Service Analysis, available at https://apps.fcc.gov/edocs_public/attachmatch/DOC-333060A1.docx.

While this would not be sufficient to close the broadband adoption gap, it would mark considerable progress.

C. A modernized Lifeline can be part of the broadband adoption solution

The Commission's Lifeline pilot program in 2012 showed that Lifeline can have an impact in closing the broadband adoption gap. While most of the pilots took place in dispersed, relatively discrete areas, the experience of three simultaneous pilot programs in Puerto Rico indicates that enabling Lifeline to support broadband and unleashing competitive forces can make a considerable dent in the adoption gap.

For voice service adoption, Lifeline has been successful in Puerto Rico. Despite endemic economic challenges, income levels far lower than the mainland, and widespread poverty, Lifeline has helped grow voice telephone adoption in Puerto Rico to 93.8%, only slightly lower than the national average of 97.7%.[18] The Telecommunications Regulatory Board of Puerto Rico administers a state universal service fund that operates in parallel to the federal Lifeline program, adding a monthly subsidy to every Lifeline voice service customer. This has been a very powerful combination of federal and state resources designed at ensuring that nearly every household in Puerto Rico has basic communications services. While there have been administrative challenges in this process, the Puerto Rico and federal government have worked together to make Lifeline work for voice telephone subscriptions in Puerto Rico.

In 2012, the Commission funded three Lifeline broadband pilot projects in Puerto Rico, including island-wide pilots for three of the largest mobile broadband providers, PR Wireless, Puerto Rico Telephone Company (Claro), and T-Mobile Puerto Rico. These pilots certainly

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[18] Federal and State Staff for the Federal-State Joint Board on Universal Service, *Monitoring Report (2014)*, CC Docket No. 96-45, *et al.* (2014), Table 6.6.

uncovered many of the program administrative burdens that need to be addressed, but the results also demonstrate the great potential for success. **More consumers signed up for Lifeline broadband in the three Puerto Rico pilots than in all other Lifeline pilot projects combined.**[19] Providers developed customer outreach strategies and marketing campaigns that targeted low-income populations, including a wide range of service options.[20]

During the period of the pilots, broadband adoption among low-income households in Puerto Rico grew dramatically. In 2012, before the Lifeline broadband pilots began, Connected Nation research showed that broadband adoption in Puerto Rico was 35%, and 30% of non-adopters cited the cost of service or equipment as the main barrier to adoption. The three Lifeline broadband pilots launched in 2013 in Puerto Rico with aggressive advertising campaigns, community outreach, and pricing strategies, and low-income consumers began to sign up. Moreover, as the final program reports demonstrate, even where an adult did not qualify for the Lifeline pilot, the opportunity and interest generated by the pilot and digital literacy training increased foot traffic and marketing campaigns to low-income residents.

When Connected Nation surveyed Puerto Rico consumers again in 2014, broadband adoption in Puerto Rico had climbed to 46%.[21]

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[19] Federal Communications Commission, Wireline Competition Bureau, *Low Income Broadband Pilot Program Staff Report*, WC Docket No. 11-42, DA 15-624 (Wireline Comp. Bur. 2015) (Broadband Pilot Report) at Table 2.
[20] *See, generally,* PR Wireless, Inc. Final Report, WC Docket No. 11-42 (Feb. 12, 2015) (PR Wireless Report); T-Mobile Puerto Rico, LLC, WC Docket No. 11-42 (May 18, 2014) (T-Mobile Final Report). For all reports, *see* https://www.fcc.gov/encyclopedia/low-income-broadband-pilot-program.
[21] Puerto Rico Gigabit Island Plan, *supra* note 11, at 56-58.

Chart 6 below shows that the perception of cost being the main barrier to adoption had dropped

significantly. Chart 7 shows that with regard to households making less than $25,000 and

$15,000 per year, broadband adoption in Puerto Rico grew even faster.

Chart 6: Main Barriers to Home Broadband Adoption in Puerto Rico
Source: Connect Puerto Rico Residential Technology Assessments, 2012, 2014

■ **2012** ■ **2014**

Barrier	2012	2014
Perceived lack of relevance	27%	29%
Cost	30%	20%
Lack of digital literacy skills	12%	14%
Broadband is not available	6%	5%
Access the Internet some other way	8%	5%
Other	14%	17%
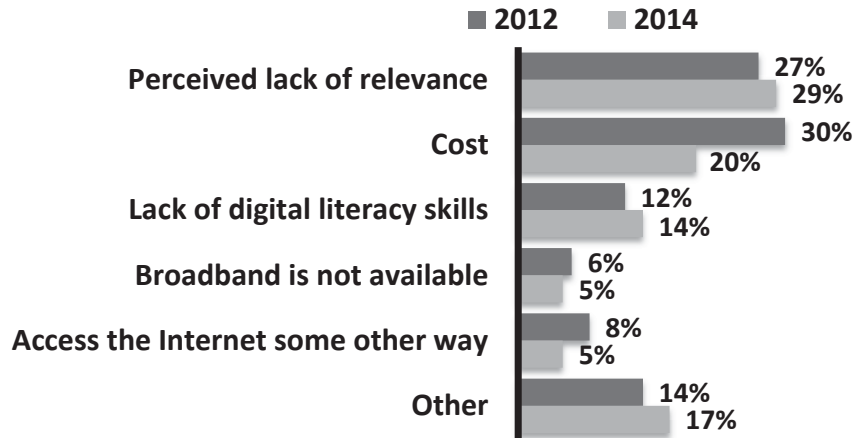
Chart 7: Broadband Adoption Among Low-Income Households in Puerto Rico

	Island-wide	Income Less than $15,000	Income Less than $25,000
2012	35%	19%	25%
2014	46%	38%	44%

■ Island-wide
■ Household Annual Income Less than $15,000
■ Household Annual Income Less than $25,000
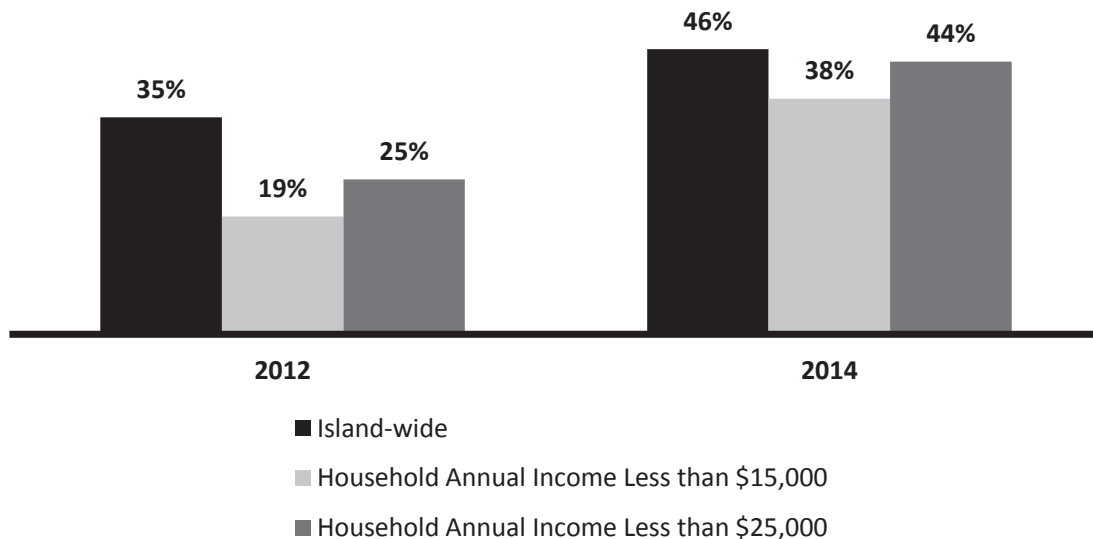
These advances occurred in Puerto Rico even with the limited scale of the pilots and the burdensome Lifeline income verification process. While gaps in broadband adoption in Puerto Rico persist, particularly among the lowest income brackets, the pilot program showed that a targeted, low-income universal service program that encourages community outreach and competition can make significant progress. If Puerto Rico can chop the broadband adoption gap by eleven percentage points in two years with the help of a limited scale and administratively cumbersome Lifeline pilot, imagine what could be accomplished were broadband permanently part of an efficiently-operating Lifeline assistance program.

## II.	THE COMMISSION SHOULD SIMPLIFY THE ADMINISTRATION OF THE LIFELINE PROGRAM, AND THE COMMISSION SHOULD OPEN THE LIFELINE PROGRAM TO COMMUNITY-BASED ORGANIZATIONS

Connected Nation urges the Commission to take the Lifeline program "down to the studs"[22] and modernize the program in a way that will improve its efficiency and effectiveness. The Commission should remove the burden of income verification from broadband providers and replace that process with a national, third-party income verification and accountability process. Simplifying and centralizing the income verification and accountability process also will present the opportunity to open up the Lifeline program dramatically to hundreds of community-based organizations and charities. These organizations are on the front lines in the war on poverty every day and have the desire to participate actively and constructively in helping individuals navigate and enroll in Lifeline, as they do for other public assistance programs.

In addition, the Commission should also expand the program to include connectivity options targeted at vulnerable, low-income populations to which the model of a home, monthly

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[22] *Notice, supra* note 3 (Statement of Chairman Wheeler).

broadband subscription is not practicable. Lifeline benefits should be available to libraries, non-profits, and social service entities that purchase connectivity and distribute it directly to or to benefit vulnerable, qualifying low-income populations. These programs can include a library procuring 4G/Wi-Fi hot spot connectivity that it checks out to low-income populations, or similar temporary connectivity programs that might be offered by community centers, foster care programs, and homeless shelters. Community institutions can act as an effective and efficient middleman in obtaining broadband connectivity from providers and distributing it to those in need. The current limitation of Lifeline to direct, monthly home subscriptions misses these opportunities to serve populations without a permanent address or bank account. Moreover, these programs can constitute as a substantial "first step" in broadband adoption for the neediest, the most transient, and the most vulnerable of populations.

A. The Commission should establish a nationwide, third-party verification and qualification system for Lifeline benefits (*Notice,* Section II.B)

Connected Nation strongly supports the Commission's proposal to create a "trusted, independent" third party that would validate the eligibility of households for the Lifeline benefit. This move would bring "much-needed dignity to the program"[23] and would substantially reduce administrative burdens. In addition, removing providers from the income verification process will greatly reduce the waste, fraud, and abuse in the Lifeline program.

Connected Nation believes that in doing so, the Commission would encourage state governments to establish and operate their own parallel universal service programs. States and territories may not have the capacity to perform income verification functions themselves, so

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[23] *Notice* at ¶ 61.

having a national provider or database of that service would greatly lessen the administrative costs of running a supplemental state Lifeline program.

The costs of this verification and accountability function should be borne by general federal universal service fund contributions.[24] These are classic administrative functions that have been traditionally provided by the Universal Service Administrative Company (USAC). USAC has, for example, funded the construction of the National Lifeline Accountability Database as well as the Connect America Fund Cost Model, which the Commission uses to target High Cost Fund subsidies.

Connected Nation believes that creating an independent, national verifier will facilitate the participation of community-based organizations and charities to the program. These organizations are on the front line in fighting poverty and assisting their communities. The Commission should establish a Lifeline application process that would facilitate these community-based organizations in enrolling individuals into the Lifeline program, by giving those organizations the ability to access a database to perform a simple and confidential qualification check and to determine service options. If the Commission were to charge users of the income verification process for such checks or database dips, it would discourage community-based assistance organizations from undertaking this outreach activity. As a result, Connected Nation urges the Commission to fund this third-party verification and accountability process through the general federal universal service contributions and to make a portal available to qualifying state and local agencies, charities, and community-based organizations seeking to assist the low-income population.

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[24] *Notice* at ¶¶ 80-82, 88, 183.

B. The Commission should not create "qualification gaps" by limiting the methods of qualifying for the Lifeline benefit (*Notice,* Section II.B, ¶¶ 112-117)

In various parts of the *Notice,* the Commission indicates or implies that it is considering limiting Lifeline enrollment to participants in the Supplemental Nutrition Assistance Program (SNAP) or the National School Lunch Program (NSLP).[25] While Connected Nation recognizes that doing so might offer some administrative cost savings, this method for enrollment could create significant "qualification gaps" for the program that could render millions of Americans ineligible for Lifeline benefits.

Connected Nation has worked closely with the government of Puerto Rico in various broadband programs. The Commission absolutely needs to recognize that its proposal to limit Lifeline eligibility to SNAP and NSLP enrollees simply will not work in Puerto Rico – simply because Puerto Rico residents do not have access to the SNAP and the NSLP programs.

In the unified Puerto Rico public school district, school lunches to all students are free. The district does not enroll individual students in the NSLP, and the Puerto Rico government pays the difference between what the U.S. Department of Agriculture (USDA) provides on an island-wide basis and the cost of all lunches. In effect, all public schools in Puerto Rico operate in a way similar to the NSLP Community Eligibility Program, in which individual applications by all qualifying families are not collected.[26]

In addition, the USDA does not provide SNAP benefits in Puerto Rico. Instead, the USDA provides a block grant to the Puerto Rico government for the Commonwealth's Nutrition Assistance Program, or PAN. However, the PAN is funded at lower relative levels than SNAP.

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[25] *Notice* at ¶¶ 111-13, and n.234.

[26] U.S. Dep't of Agriculture, School Meals, Community Eligibility Provision, available at http://www.fns.usda.gov/schoolmeals/community-eligibility-provision ("The Community Eligibility Provision (CEP) provides an alternative approach for offering school meals to local educational agencies (LEAs) and schools in low income areas, instead of collecting individual applications for free and reduced price meals.").

For a household to qualify for PAN benefits it must have a significantly lower household income

than that household would need to qualify for SNAP on the mainland. Table 1 shows that

generally speaking, a household in Puerto Rico must have a net income of 23-35% of the federal

poverty guideline to receive nutrition benefits in Puerto Rico – **substantially less** than a

mainland household qualifying for SNAP.

**Table 1: Qualifying for Federal Nutrition Benefits in Puerto Rico (PAN) Requires
Substantially Lower Income than Qualifying for SNAP Benefits on Mainland**

Household Size	Maximum Annual Income to Qualify for PAN	% Federal Poverty Level to Qualify for PAN	Net Annual Income to Qualify for SNAP (100% poverty rate)
1	$2,796	23.9%	$11,676
2	$5,592	35.5%	$15,732
3	$7,188	36.3%	$19,800
4	$8,556	35.9%	$23,856
5	$9,912	35.5%	$27,912
6	$11,316	35.4%	$31,980
7	$12,708	35.3%	$36,036

This difference in coverage is sharp and stark, especially given the higher cost of living in Puerto

Rico.[27]

Given this disparity, it would be unconscionable for the Commission to limit Lifeline

eligibility in Puerto Rico to PAN eligibility. Doing so would drop hundreds of thousands of

Puerto Rico residents living below the poverty line into a deep "qualification gap."[28]

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[27] The cost of living in the San Juan-Caguas-Guaynabo metropolitan statistical area in Puerto Rico, which covers almost half of the island, is 13% higher than the costs of metropolitan areas on the mainland. The Puerto Rico statistical area placed 41st out of the 325 studied by the Council for Community and Economic Research. Council for Community and Economic Research, *Puerto Rico Joins the Cost of Living Index,* (Dec. 15, 2014), http://blog.c2er.org/2014/12/puerto-rico-joins-the-cost-of-living-index/; Dennis Costa, "Public utilities in P.R. cost 85% more than those in the rest of the U.S.," *Caribbean Business* (Dec. 18, 2014), http://www.caribbeanbusiness.pr/prnt_ed/public-utilities-in-p.r.-cost-85-percent-more-than-those-in-the-rest-of-the-u.s.-10730.html.

Because the federal nutrition program reaches far fewer Puerto Rico families than the mainland, the Lifeline program in Puerto Rico is dependent upon the independent income verification process to determine whether an applicant has income that is at or below the 135% poverty income threshold to qualify. If the Commission takes away or limits the independent income qualification process,[29] hundreds of thousands of Puerto Rico households could be unable to receive Lifeline benefits. And if eligibility is limited only to households enrolled in the PAN, hundreds of thousands of Puerto Rico households would be ineligible for Lifeline, while mainland families with comparable incomes would qualify. This would be an unconscionable and irresponsible outcome, given the cavernous broadband adoption gap in Puerto Rico.

C. The Lifeline program should subsidize connectivity purchased and distributed by community-based groups, libraries, and charities to vulnerable, low-income populations (*Notice,* Section II.C, ¶¶ 129-141)

By re-inventing Lifeline in this proceeding, the Commission has the opportunity to open up the Lifeline program to the myriad of creative, community-based organizations that currently strive to serve the low-income population. Removing the broadband provider from the middle of the income verification process opens the door to recruiting public assistance agencies, community-based organizations, charities, libraries, and community centers to become effective ambassadors for the program. Because these entities see and strive to connect and interact with the low-income, disconnected population every day, they can be very effective partners in closing the digital divide. After funding dozens of broadband adoption programs through the Sustainable Broadband Adoption grant program, the NTIA found that the most effective

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[28] Food and Nutrition Service, U.S. Dep't of Agriculture, *Implementing Supplemental Nutrition Assistance in Puerto Rico: A Feasibility Study* (June 2010) ("USDA Puerto Rico Feasibility Study") at Table 2.1.
[29] *Notice* at ¶ 114.

adoption programs "meet people where they are, encourage them, and show them how they can safely use the Internet to improve their lives."[30]

Community organizations, charities, and libraries that purchase broadband connectivity and then provide that connectivity directly to qualifying, low-income populations should have those purchases qualify for Lifeline benefits. This would dramatically improve the program's reach to the most vulnerable of populations – especially those with no bank accounts, no permanent address, or those who may be recently displaced economically. For these populations, the idea of making a "home broadband subscription" in which the family receives a discount on a monthly bill is an unrealistic and even quaint notion.

Because the barriers to adoption in the low-income community are so varied and intrinsically tied up with the challenges of income inequality and poverty generally, Connected Nation urges the Commission to embrace this opportunity to create a more community-oriented, holistic approach to solving the broadband adoption gap.

1. **Community-Based Organizations can be effective ambassadors for Lifeline and distributors of connectivity**

A myriad of community service organizations, charities, and agencies touch the lives of low-income populations every day, and those entities are frequently in the best position not only to educate potential applicants about the program but also to provide them service.

For example, a workforce training program might wish to offer on-line training to an unemployed individual. Bundling that training with a temporary, 4G mobile hot spot might be the fastest and most efficient way of providing that training. In addition to distributing connectivity, many social service centers could provide applicants access to other resources that

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[30] NTIA Broadband Adoption Toolkit, *supra* note 15, at 4.

will help bridge the broadband adoption gap, such as digital literacy skills. The Commission can transform the Lifeline program into a platform that would recruit these organizations to the cause, take advantage of their energy and, fundamentally, increase the dignity that a coordinated outreach initiative can provide.

The Commission can open up the program to community-based initiatives by taking two steps. First, the Commission should allow these groups to have access to the Lifeline income qualification database much in the same way as a service provider would, in order to allow these organizations to pre-check whether an individual would be eligible for the benefit and inform them of service options (such as a list of providers and offers).

Second, the Commission should allow Lifeline subsidies to be applied to connectivity purchased in bulk by community-based organizations, libraries, and community centers who will distribute or target that connectivity directly to serve low-income populations. This can involve distributing connectivity directly (such as mobile hot spots) to qualifying individuals or providing community-based connectivity solutions (such as connectivity in group homes, public housing, or other settings). In each of these situations, where the community-based organization is purchasing broadband connectivity that it will then either distribute to qualifying low-income individuals or directly provide services to that population, those purchases should qualify for a Lifeline subsidy. Doing so could greatly expand the reach of the Lifeline program at minimal additional cost.

2. Community-Based Distribution Models would efficiently leverage modern technology and reach the hardest to reach low-income populations

Allowing Lifeline to support community-based distribution models would leverage the growth of mobile broadband hot-spots and the proliferation of 4G networks. A community organization or library can purchase a set of such devices in bulk, and then distribute them on an as-needed basis to targeted, low-income populations.[31] This approach can take advantage of cost savings from bulk purchasing. In addition, one connection can effectively be shared by many low-income individuals in the course of the year.

The challenge of connecting the one in four Americans without broadband service today will require far more than simply increasing the number of fixed broadband connections at homes. The very construct of a "home" connection rings hollow for low-income populations that move frequently and are more likely to rent than own a home.[32] A successful Lifeline program will also require strategies to reach the most "disconnected" populations – those without permanent addresses, jobs, or bank accounts. An effective way, if not the only way, to reach these citizens will be through community organizations that are already in contact with these populations and can help offer short-term or temporary connectivity solutions.

Closing the broadband adoption gap does not simply mean helping low-income adults with a permanent address afford a broadband connection at home. It also includes –

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[31] *See* New York Public Library, "Mayor Bill de Blasio, City Library Chiefs announce expansion of library hot spot program through Google donation," (Dec. 2, 2014), http://www.nypl.org/press/press-release/december-2-2014/mayor-bill-de-blasio-city-library-chiefs-announce-expansion. The New York Public Library is procuring 10,000 such devices to distribute to enrollees in certain adult education programs, ESOL, and after school programs that do not have broadband at home.

[32] U.S. Census Bureau, *Geographical Mobility: 2012 to 2013,* Table 1, https://www.census.gov/hhes/migration/data/cps/cps2013.html (20.5% of population below poverty rate moved from 2012-2013, compared to 10.1% of population above the poverty line).

■ The 640,000 children served by the foster care system in the course of the year (over 400,000 on any given day),[33] and

■ The 8% of all American households – and more than 20% of African-American and Hispanic households – that do not have a checking or savings account.[34]

Many public libraries have recently started programs that allow users to "check out the Internet," by checking out wireless broadband 4G/Wi-Fi hot spots. These distribution programs have the potential to cost-effectively serve a large number of the most disconnected populations. Most notably, community organization would be able to purchase these devices and connectivity in bulk, thereby realizing significant potential savings compared to individual purchases. In the *E-rate Modernization Order,* the Commission recognized the value and cost savings of bulk purchasing and aligned many of its program rules to encourage and facilitate bulk purchases.[35] Similar economies of bulk purchasing can be realized in the Lifeline program if the Commission allows Lifeline reimbursement to apply to bulk purchases of connectivity made by community-based organizations, non-profits, and social service institutions.

Because these devices and connectivity would be shared, connectivity procured and distributed in this way can efficiently help many low-income families. For example, in one month, a device and broadband subscription offered by a public library could provide much-

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[33] U.S. Dep't of Health and Human Services, Administration for Children and Families, Administration on Children, Youth and Families, Children's Bureau, *Trends in Foster Care and Adoption, FFY 2002 – FFY 2013,* http://www.acf.hhs.gov/sites/default/files/cb/trends_fostercare_adoption2013.pdf; Children's Rights, *Foster Care,* http://www.childrensrights.org/newsroom/fact-sheets/foster-care/

[34] Federal Deposit Insurance Corporation, *2011 FDIC National Survey of Unbanked and Underbanked Households* (2012), https://www.fdic.gov/householdsurvey/2012_unbankedreport.pdf. The substantial number of low-income and minority populations without bank accounts led HHS to require health insurers to accept payment for subsidized health insurance premiums in a "non-discriminatory" manner (such as debit cards). *See* Sarah Kliff, "Millions of Americans Don't Have Bank Accounts. That Could be a Problem for Obamacare," *Washington Post Wonkblog* (May 22, 2013), http://www.washingtonpost.com/news/wonkblog/wp/2013/05/22/millions-of-americans-dont-have-bank-accounts-that-could-be-a-problem-for-obamacare/.

[35] *Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184, Report and Order and Further Notice of Proposed Rulemaking, 29 FCC Rcd 8870 (2014) at ¶¶ 168-82.

needed connectivity to a foster child trying to do homework in a temporary home and the next month provide connectivity to an unemployed worker taking a job skill training or ESOL class.

In addition, there are a host of community organizations and centers that offer digital literacy classes, job skills training, and free public Internet access to low-income populations. In Puerto Rico, Centros Technologicos Comunitarios (CTC) are an integral part of closing the digital divide. CTCs are administered by municipalities, the Department of Education, public-private partnerships, and other community organizations. Puerto Rico does not have a large public library system, so CTCs take on the essential community computing center role that the Commission has said in the E-rate modernization effort that libraries play.[36] Connected Nation believes that to the extent that the centers can show that they serve low-income populations, broadband services to these centers that are ineligible for E-rate support should be eligible for Lifeline support.

All of these entities, libraries, and community-based organizations serve the low-income population as part of their mission. The Lifeline program should allow and encourage these organizations to take a leadership role in procuring connectivity solutions for their constituents.

3. Implementation of Community-Based Distribution Methods would be low-cost, efficient, and effective

The Commission could expand access to Lifeline beyond the monthly, individual subscription model in the following way:

(1) Establish certain minimum standards that community organizations must meet in order to be eligible for the discount. These standards should include a history of operating in the local community and offering programs targeted at serving the low-income population;

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[36] *Id.* at ¶ 28.

(2) Allow those community organizations to purchase connectivity (such as 4G/Wi-Fi hot spots, or fixed broadband access to a community computing center) from eligible telecommunications carriers and have those purchases subject to a Lifeline subsidy;

(3) Designate preferred master contracts for these connectivity services, as it is doing for the modernized E-rate program;[37]

(4) Allow community organizations a form of access to the national income verification and accountability database, so they can determine whether a patron meets the Lifeline program requirements;

(5) Give community institutions the option either to validate each recipient of connectivity as qualifying for Lifeline, or allow the institution to receive the Lifeline discount based on the poverty rate of the surrounding community or of the population served by the community-based organization or entity. This latter option would be similar to the manner in which E-rate discounts are now calculated on a district-wide basis and how schools receive NSLP funds through the community eligibility provision.[38] For example, if a library serves a community with a poverty rate of 90%, a mobile 4G/Wi-Fi hot spot check-out program run by that library would be eligible to receive 90% of the monthly Lifeline subsidy for connectivity.[39]

This approach to the program would have considerable public benefits. It would allow community-based organizations to achieve economies of scale in purchases of hot spots and

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[37] *Id.* at ¶¶ 170-73. Designating master contracts for items such as hot spots and wireless broadband connectivity would ease administration and help smaller community-based organizations achieve economies of scale through bulk purchasing.

[38] U.S. Dep't of Agriculture, School Meals, Community Eligibility Provision, available at http://www.fns.usda.gov/schoolmeals/community-eligibility-provision.

[39] In essence, the Commission would be assuming that in a community with 90% poverty, 90% of the population that would "check out" a 4G/Wi-Fi hot spot would qualify for Lifeline benefits. If the Commission maintains the current $9.25 Lifeline subsidy level for a monthly subscription, the subsidy available to that library for 4G/Wi-Fi hot spot check-out program would be $8.33 (90% of $9.25).

connectivity for the low-income populations they serve. Knowing that a certain portion of the monthly connectivity bill would be subject to reimbursement from Lifeline, libraries and community organizations would confidently increase purchases of these services beyond the relatively small scale programs that have been rolled out to date. In addition, bulk billing of the connectivity for these devices provided to libraries and community organizations should result in considerably lower costs for service providers, with resulting lower prices for those connectivity contracts compared to retail prices.

This approach also would increase access to temporary, targeted, and needs-based solutions to connectivity. For example, a shelter could offer a connectivity solution to a woman that is fleeing an abusive household. A social welfare agency could provide connectivity to a child placed in foster care. As currently constituted, Lifeline simply cannot readily reach these individuals and support their access to broadband connectivity today.

Connected Nation does not believe that expanding the program in this way would have a large effect on the size of the Lifeline program. In 2014, the Lifeline program provided approximately $1.6 billion in subsidies. If the Commission follows Connected Nation's recommendation and allows community organizations and libraries to purchase connectivity in bulk for their low-income patrons and apply a Lifeline subsidy to those purchases based on community poverty rates, connectivity of one million such devices in communities with 90% poverty would cost the Lifeline fund $100 million each year ($100 per year per device) – only 6.25% of the current size of the fund.

However, those one million connections would reach far more than one million individuals. A funded connection to a community computing center might help hundreds of low-income families per year. Funding connectivity to a library-provided Wi-Fi hot spot could be

used by a dozen or so individuals in a year, for a myriad of purposes. The impact would be felt

by millions of low-income Americans, and these services would truly be a "lifeline" to the

otherwise disconnected that need it most.

In summary, because community technology centers, libraries, and community-based

organizations serve millions of low-income people on a daily basis, broadband services

purchased by those community institutions that are then distributed to or directly used by that

population should be eligible for the Lifeline discount. The Lifeline program should not be

"boxed into" a monthly, household subscription model. Limiting Lifeline to individual, monthly

home broadband subscriptions would leave the needs of many low-income consumers

unaddressed.

III.   **CONCLUSION**

Connected Nation strongly supports the Commission's proposal to modernize the Lifeline

program to include broadband. The broadband adoption gap is persistent, and the barriers to

broadband adoption are significant and substantial, particularly for low-income Americans.

Attacking this gap will require a multi-faceted campaign and outreach strategy, in which the

Lifeline program can play a critical role.

Connected Nation believes that the Commission should not lock itself into thinking that

Lifeline can only be a program that provides a monthly subsidy for a home broadband

subscription. The independent income verification and accountability process proposed by the

Commission would allow community-based and social service organizations to act as effective

ambassadors for the Lifeline program and assist low-income families in enrollment. These

organizations see vulnerable, low-income individuals on a daily basis and routinely help those

individuals navigate various aid and assistance programs. Many of these organizations could purchase connectivity directly and in bulk from eligible broadband providers and act as intermediaries to particularly vulnerable populations, by bundling that connectivity with digital literacy and job skills training. The Lifeline program should support those initiatives to the extent they reach the qualifying low-income population. A library providing a 4G/Wi-Fi hot spot check-out program, a foster care placement agency offering connectivity at a group home, a shelter supplying temporary connectivity to a displaced adult – each of these services each can reach the diverse low-income population in unique ways and should be supported by a modernized Lifeline program. Doing so would help the Lifeline program, as the NTIA encourages, "meet people where they are, encourage them, and show them how they can safely use the Internet to improve their lives."[40] By allowing community-based organizations to become portals to connectivity, the Lifeline program would lift up and connect millions of the most disconnected Americans.

Respectfully submitted,

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[40] NTIA Broadband Adoption Toolkit, *supra* note 15, at 4.